

Two Ways to Go Global

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THE DIFFERING PATHS OF MEXICO AND BRAZIL

FOR THE FIRST TIME EVER, Latin America's two giants, Brazil and Mexico, are both looking beyond their borders for significant international roles. It is striking, however, how differently each is pursuing that goal. Mexico has linked its future to the United States and almost fully opened its economy to foreign trade and investment. Brazil, in contrast, remains a relatively closed economy, pursues an independent leadership role in South America, and is seen by the United States as an opponent on some issues.

Mexico's choices have clearly been influenced by the fact that it sits in the shadow of the world's richest and most powerful nation. Brazil, a continent-sized nation located some 2,400 miles from the United States and surrounded by ten smaller neighbors, has a rather different perspective on the world. Yet until recently, it was Mexico that most zealously shielded its independence from the United States.

Geography, to be sure, has played a major role in the pursuit of these divergent paths. But domestic politics and national ideologies have also been critical in molding the agendas of the two nations. Brazilian political leaders and thinkers, and even ordinary citizens, have long believed that their country should be counted among the world's most important states. Mexicans, meanwhile, historically have been less concerned about their place in the world than about their relations with the United States. Moreover, until Vicente Fox assumed the presidency in December 2000, Mexico was ruled by authoritarian and centralized governments. Recent Brazilian governments, on the other hand, have been more democratic than

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their Mexican counterparts but also weaker and more susceptible to popular pressure.

A CERTAIN SIMILARITY

BRAZIL AND MEXICO have enough demographic and economic heft to exert real influence in international affairs. At the outset of 2001, Brazil was the fifth most populous country and had the eighth-largest economy in the world. Mexico was the eleventh most populous and had the twelfth-largest economy. (Currency fluctuations in the past year have left the two economies about the same size in dollar terms, although Brazil's domestic purchasing power remains much larger.) On a per capita basis, their ranking falls considerably, but by World Bank standards they are comfortably upper-middle-income countries.

For the past six decades, Brazil and Mexico have also shared a remarkably similar economic history. From 1940 to 1980, they attained some of the highest growth rates in the world, averaging more than six percent a year. At the same time, both nations indulged in massive foreign borrowing. By the early 1980s, crushing debt burdens had pushed them deep into recession. Since 1980, each country's economic growth has dipped to a dismal average of about 2.5 percent a year, although Mexico's growth began accelerating in the latter half of the 1990s.

In this period, both nations initiated economic reforms known as the "Washington consensus," a combination of fiscal discipline, privatization of state-owned businesses, and foreign trade liberalization. Income and expenditures were brought increasingly into balance. In 1994 Brazil finally succeeded in stemming its relentless inflation. The two countries also sold the great bulk of their state companies to private investors, although firms in politically charged sectors such as petroleum and electricity remained in government hands. Average tariffs in Brazil dropped from nearly 50 percent in 1985 to 12 percent in 1995. Mexico dropped its tariffs from an average of 25 percent to 16 percent and aggressively slashed nontariff barriers.

In the past five years, the two countries have shown remarkable economic resilience by recovering briskly from financial crises—Mexico in 1995 and Brazil in 1999. Both crises ran a similar course. Mexico and Brazil each turned to the United States and the International

Monetary Fund for large-scale rescue packages that helped avert complete currency collapses and set the stage for a steady recovery. Both also adopted freely floating exchange rates, ending prolonged efforts to peg their currencies to the dollar. Nevertheless, as the global economy has slumped in the past year, the two countries have suffered sharp economic reversals. In addition, energy shortfalls, high domestic debt, and the financial implosion in neighboring Argentina have pushed Brazil dangerously close to another crisis.

Finally, democratic governments emerged in both Mexico and Brazil in the past 15 years. Brazil broke sharply with its past in 1985, ending 21 years of military rule with the indirect election of a civilian president. Although long governed by civilian authorities, Mexico moved toward democracy much more gradually. Indeed, it was only a year ago that the inauguration of Vicente Fox—who was elected in the country's first free and fair election contest—finally ended seven decades of one-party rule.

OPEN OR CLOSED?

DESPITE THEIR SIMILARITIES, Mexico and Brazil have pursued their international goals in very different ways. Mexico has made foreign trade the engine of its economy. From 1990 to 2000, its exports catapulted from \$45 billion per year to \$165 billion, at a dazzling rate of some 15 percent a year. Not only have Mexico's exports quadrupled in the past decade, to the point where they now constitute a third of GDP, but their composition has also shifted dramatically. Manufactured goods now amount to nearly 90 percent of the country's foreign sales, a doubling over ten years. Mexico accounts for almost half of Latin America's foreign trade. Only seven countries worldwide export more.

Brazil's economy, in contrast, remains relatively insular. In the last decade, Brazil's exports grew at a pace less than one-third that of Mexico's, from \$32 billion to \$58 billion. According to one measure of economic openness—the ratio of exports to GNP—Mexico today ranks second among the world's dozen largest economies, whereas Brazil ranks dead last, although not far behind the United States, India, and Japan. Along with neighboring Argentina, Brazil is also Latin America's least open economy. Exports make up less than ten percent of Brazil's GDP, a number that has hardly changed in the past

decade. Moreover, in contrast to Mexico, the share of Brazil's industrial exports has remained unchanged, at about one-half of total exports.

Brazil, however, is not a traditionally closed economy. The country has taken sizeable steps since 1994 to remove barriers to global commerce and investment. Tariffs have been sliced to a quarter of what they were a dozen years ago. Foreign direct investment (FDI) rose from less than \$2 billion annually in the early 1990s to more than \$30 billion by 2000; in the past five years FDI flows to Brazil have averaged more than three times those to Mexico. Brazil is also pursuing free trade agreements with many nations, and President Fernando Henrique Cardoso declared in August 2001 that Brazil's economic survival depends on expanding exports. Nonetheless, Brazil's trade performance will not come close to Mexican standards anytime soon.

Mexico's emphasis on foreign trade stems from a deliberate strategy to join its economy to that of the United States. This strategy was set in motion in 1990 when Mexican President Carlos Salinas realized that neither Europe nor Japan would do much to strengthen their economic ties with Mexico. Salinas and his advisers concluded that Mexico's best bet was to hitch its economy to that of the United States, and they proposed a U.S.-Mexico free trade agreement to the first Bush administration. This proposal became the tripartite North American Free Trade Agreement (NAFTA) when Canada (which already had a trade pact with the United States) also joined in.

Mexico had always been something of an economic satellite of the United States. The mammoth U.S. economy, 20 times the size of Mexico's, exerts an enormous gravitational pull on Mexican exports and labor. NAFTA has bound the Mexican economy even more tightly to the United States: its share of total U.S.-bound exports has risen from 75 to 90 percent. By buying Mexican goods, dispatching capital and tourists southward, and feeding the flow of workers' remittances (upward of \$8 billion annually), the U.S. economy pulled Mexico out of its 1995 crisis and fueled five years of solid growth, averaging 5.5 percent per year from 1996 through 2000. This year the sputtering U.S. economy has dragged Mexico into recession.

Mexico is one of the world's most open economies; Brazil is one of the least.

Beyond economic and commercial links, a wide range of other issues—migration, drug-trafficking, environmental contamination, energy development, and water rights—link the United States and Mexico. Fox's state visit to Washington in September 2001 was the first by any foreign leader to George W. Bush's White House. It demonstrated the breadth and vitality of U.S.-Mexican ties, which the U.S. president referred to as "our most important relationship in the world." Mexican officials would have preferred greater progress on immigration and other concerns, but they plainly succeeded in refashioning the bilateral agenda. The Fox visit was immediately overshadowed by the events of September 11. But, with Mexico's cooperation on border control and other security issues now so vital, the broader scope of Mexican concerns will likely remain a priority for the United States.

INTO THE WORLD

MEXICO'S FOREIGN POLICY is not focused exclusively on relations with the United States. President Fox and his foreign minister, Jorge Castañeda, have given Mexico a newly active international role. Trading on the nation's close U.S. ties, they have sought to cast Mexico as a bridge between North and South America. Just in the past year, Mexico has sought to bolster peace negotiations in Colombia and to engage Central America more intensely with a plan for joint infrastructure development. Since Fox took charge, Mexico has also become an international advocate for human rights and democracy, themes it had previously shunned due to its long-standing deference to national sovereignty and its own lack of democratic credentials. For the second time since 1946, Mexico last year sought and won a seat on the U.N. Security Council. Nevertheless, Mexico's top priority remains a solid partnership with the United States, and this will shape and circumscribe its entire foreign policy agenda.

Brazil, in contrast, conducts a far more autonomous and diversified foreign policy. Brazil's most important bilateral relationship may also be with the United States, but it is much less consuming and confining than the U.S.-Mexico link. Less than one-quarter of Brazil's trade is with the United States, about the same as with Europe.

Moreover, trade with the United States accounts for only 2 percent of Brazil's GDP, whereas it is nearly 30 percent of Mexico's.

Brazil has become more active and assertive in regional and global affairs, especially since Cardoso took office in 1995. On some issues, Brazil has sought to serve as a counterweight to the United States. At times, it has appeared intent on establishing a South American pole of power in the western hemisphere. These new international ambitions were evident when Cardoso convened the first-ever summit meeting of South American heads of state in Brasília in September 2000. The meeting highlighted Brazil's focus on increasing South American integration. A more unified group of nations on that continent would, the logic goes, have greater weight in hemispheric and global negotiations, thereby enhancing Brazil's international influence and strengthening its bargaining power with the United States and other key countries.

Mercosur, a customs union among Brazil, Argentina, Paraguay, and Uruguay that was established in 1991, has formed the core of that strategy. Although badly strained in the past two years by Brazil and Argentina's continuing trade disputes, which are aggravated by their incompatible macroeconomic policies, Mercosur remains a foreign policy priority for Brazilian authorities. Ranking lower is the proposed Free Trade Area of the Americas (FTAA), which would bring Brazil and every other Latin American country into a free trade arrangement with the United States.

Trade is the biggest source of contention between the United States and Brazil. At the April 2001 western-hemisphere summit in Québec City, Cardoso bluntly laid out the conditions under which Brazil would join the FTAA. Many of them involved controversial themes that the United States wants to keep off the negotiating table, such as curbing the use of antidumping measures and subsidies that impede imports of Brazilian steel, soybeans, and orange juice. According to Brazil's ambassador in Washington, Rubens Barbosa, the FTAA talks can succeed, but only if the United States negotiates these issues seriously. Mexico may have been the first Latin American country to establish free trade arrangements with the United States, but Brazil may well be the one that forces the United States to modify its plans for a hemispheric free trade pact. In addition to trade frictions, Brazil

and the United States have also clashed in the past several years over election-rigging in Peru and U.S. policy in Colombia.

But Brazil is by no means an adversary of the United States. Indeed, no government in Latin America more effectively demonstrated its solidarity with the United States following the terrorist attacks of September 11. Brazil's swift call to invoke the Rio Treaty—the hemisphere's mutual defense pact that, like NATO, makes an attack against one nation an attack against all—was warmly praised by President Bush and Secretary of State Colin Powell. Although they have wrangled over specific issues, the United States and Brazil maintain largely cooperative relations. The two countries will co-chair FTAA negotiations from 2002 through 2004; despite their differences, both have declared their commitment to reach an agreement. They have worked together to resolve the explosive border dispute between Ecuador and Peru and to support civilian rule in Paraguay. Washington knows that the United States cannot achieve many of its central objectives in the western hemisphere without Brazilian support. Yet Brazil continues to challenge the United States on several fronts and certainly has no plans to follow Mexico's lead and tie its economic or political future to the United States.

LOCATION, LOCATION, LOCATION

IT IS TEMPTING to dismiss the contrasts in policy between Brazil and Mexico as the consequence of geography. Does Mexico—a relatively poor and weak country—have much choice other than to align itself with its powerful neighbor? And surely it should be no surprise that Brazil, a continent away from the United States, would want to pursue independent international policies.

Yet these positions are actually quite new. Until Salinas initiated free trade negotiations with Washington in 1990, Mexico's foreign policy was fixated on how to protect its independence and national integrity from its northern neighbor. Mexican policies reflected anxiety about U.S. corporations taking command of the country's natural resources, about U.S. popular culture overwhelming Mexico's, and about U.S. prodding on democracy and human rights undermining Mexico's political structure. Although the United States vigorously promoted trade liberalization, Mexico maintained a protected, inward-

looking economy. Unlike Brazil and other Latin American countries, Mexico steered clear of bilateral treaties and military cooperation with the United States and even rejected U.S. aid. With its profound distrust of the United States, Mexico neither sought nor wanted a close relationship with its northern neighbor and often opposed U.S. positions in international forums. Its voting record in the United Nations was more like Havana's than Washington's.

In contrast, Brazil's policies toward the United States demonstrate far greater continuity. At times, it worked hand in glove with the United States. For example, Brazil helped to legitimize the U.S. intervention in the Dominican Republic in 1965. It was also the largest recipient of aid under President John F. Kennedy's Alliance for Progress. But throughout the 1960s and 1970s, Brasília also opposed Washington on many issues, particularly on economic and financial matters. The U.S.-Brazilian relationship worsened during the Carter years when Brazil's military government took offense at U.S. human rights policies and obstruction of the country's nuclear development. With the return of democracy in 1985, Brazil moved toward its current relationship with the United States, combining cooperation on many fronts with independence and even opposition in some key areas.

In recent years Argentina and Chile have sought to emulate Mexico, not Brazil, in their relationships with the United States. Santiago has begun free trade negotiations with Washington, and it is no secret that Buenos Aires, despite its Mercosur membership, would probably follow suit if it received an invitation. After participating in several overseas peacekeeping initiatives, Argentina has obtained the formal status of "non-NATO ally" of the United States. Thus geography alone cannot adequately explain Brazil's and Mexico's foreign policy orientations.

BIG IDEAS

POLITICS AND IDEAS have also been important in setting the two nations' foreign policies. Mexico's decision to link its future to the United States was a dramatic shift for a country that had long struggled to insulate itself from its powerful northern neighbor. But one important fact remains unchanged: the United States is still the central point of reference for Mexican economic and foreign policy formation. Mexico

has altered many of the core tenets and objectives of its international policy, but the driving force of that policy has not varied. Mexico's leaders continue to direct their attention intently toward Washington. Geography determines where Mexico focuses its foreign policy, but not how.

Mexico quietly began integrating with the United States well before NAFTA came into force. By the mid-1980s, Mexico's economy was already heavily dependent on U.S. trade and investment, and emigration north had become a political safety valve. Collaboration between U.S. and Mexican business communities was intensifying, and civil-society groups on both sides of the border were joining forces.

Still, U.S.-Mexican relations have been fundamentally recast in the last decade, thanks in part to the shifting power balance within the ruling Institutional Revolutionary Party (PRI). In the 1980s, as the

country struggled with its debt crisis, the party's technocratic wing gained influence. Pragmatic and internationally oriented leaders, many (including Salinas) with advanced degrees from top U.S. universities, took over from more traditional politicians. Although Salinas has since become the nation's most maligned

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former president, he did more while in office than anyone else to refashion Mexico's economy and foreign policy, and to tilt the nation toward the United States.

The nature of Mexico's authoritarian, highly centralized government, controlled by the PRI since 1929, made Salinas' task a lot easier. For 70 years the PRI not only controlled the executive and legislative branches of government, but also determined who was elected mayor or governor everywhere in the country; dominated labor unions, rural associations, and other institutions; and ensured that the press was passive, if not fully controlled, and the business community docile. As a result, NAFTA was endorsed by nearly every Mexican newspaper and television station and by labor, business, and civic groups as well. Mexican decision-making has now become slower and less tidy in the year since Fox took office with an opposition-dominated legislature. Virtually every presidential initiative, including the response to September 11, is now scrutinized and fiercely debated in the Mexican congress and the media.

The Brazilian approach to foreign relations is very different. Its diplomats, politicians, and commentators write and speak about Brazil as a continental power. Pointing to its size and population, they argue that Brazil should be counted among the world's giant countries, alongside the United States, Russia, China, and India. Indeed, prior to his appointment as foreign minister a year ago, Celso Lafer argued that the interests of Brazil and these other "monster countries" (a term coined by U.S. diplomat George Kennan) go beyond specific issues and outcomes. They have a major stake—and therefore should have a major say—in how global affairs are managed.

Given this self-perception, it is not surprising that Brazil has taken on a more far-reaching international agenda than Mexico has, or that it seeks a permanent seat on the U.N. Security Council, or that it considers itself the natural leader of South America. Brazil's commitment to the Mercosur alliance and its proposals to extend that arrangement to the rest of South America clearly stem from this perspective; so too does Brazil's insistence on a leading role in shaping hemispheric agreements and its resistance to U.S. design or domination of those arrangements. This context also explains why Brazil swiftly offered its support for the U.S. campaign against terrorism and called on Latin American nations to cooperate with the United States under the provisions of the rarely invoked Rio Treaty.

Brazil's limited volume of trade and its domestically oriented economy, however, are out of step with the country's international aspirations. No less than Mexico, Brazil faced the trauma of debt crisis and economic stagnation in the 1980s and had to reform its economy and adjust to a changing global financial system. That Brazil proceeded more slowly and less decisively than Mexico reflected the former's more open and disorderly politics. Since civilian governments took charge starting in 1985, presidential leadership in Brazil has been hobbled by a disorganized party system, an erratic legislature dominated by smaller, more rural states, and by a highly populist constitution.

Mexico's strong, centralized government made economic decisions, such as joining NAFTA, based on technocratic judgments, without serious opposition from Mexico's congress, labor unions, or the press. In Brazil's far more fluid and vibrant democracy, economic policies were shaped by political compromises and constrained by an array of

constitutional restrictions. Brazil's powerful labor unions vehemently opposed trade liberalization and most other economic reforms. Unlike the Mexican business community, which developed close links to the United States, most Brazilian companies have had little confidence in their ability to export or compete with foreign firms at home, and they have been loath to open up protected domestic markets. These antitrade biases are reinforced by the popular view of Brazil as a "monster country," big enough to survive on its own.

COSTS AND BENEFITS

MEXICO HAS SUCCEEDED beyond most expectations in reaching its twin objectives: its economy is now joined to that of the United States and is also wide open to foreign trade and investment. Mexico has become the United States' second-largest trading partner and it may soon challenge Canada for the top slot. Exports have grown spectacularly and are today the mainstay of the Mexican economy. Only Brazil and China, among developing nations, have attracted more foreign investment.

Until recently, Mexico was benefiting enormously from its economic partnership with the United States. Even though the country's 1995 financial crisis may have resulted from investor overconfidence, fed by NAFTA's launch a year earlier, the Clinton administration's response to the crisis would have been less quick and less generous without NAFTA in place. As it turned out, Mexico's access to financial markets was restored in five months, and growth was renewed within a year. In contrast, it took Mexico six years to recover from its 1982 debt crisis.

Once growth returned in 1996, it proceeded at a tempo unseen in Mexico since the 1960s and 1970s. The horsepower behind this expansion was the booming U.S. economy. According to NAFTA's detractors, however, the bill for Mexico's decision to tie itself to the U.S. economy came due in 2001, as the U.S. economic downturn quickly pushed Mexico into recession. Nevertheless, most analysts agree that the U.S.-linked Mexican economy is no longer vulnerable to Latin America's frequent crises. This conclusion is supported by the recent stability of the Mexican peso, the uninterrupted flow of FDI into Mexico, and the country's continuing access to international

bond markets. In contrast, Brazil's currency is today under intense pressure, FDI is in steep decline, and the country's borrowing capacity has been curtailed by sky-high interest rates.

Despite the harsh impact of the U.S. slump on Mexico's economy, most Mexicans continue to favor close economic ties with the United States. Still, reactions in Mexico to the events of September 11 revealed some national ambivalence about the country's relationship with the United States, along with a streak of anti-Americanism among intellectuals, students, and many politicians. Fox's initially cautious public reaction to the attacks on the United States was conspicuous, occurring just a week after his visit to the White House. In the end, however, Fox did express unequivocal support for the battle against terrorism and traveled to Washington and New York to convey that message. His national security adviser, Adolfo Aguilar Zinser, has also said that Mexico is ready to build a joint security regime with the United States.

Although relations may have been temporarily set back by Mexico's hesitation in joining the U.S. antiterror coalition, the drive toward deeper integration between the two countries is unlikely to flag, since the essential reasons for bilateral cooperation remain unchanged. The most compelling is that U.S. political leaders, Republicans and Democrats alike, now consider the support of Mexican Americans (who make up two-thirds of all U.S. Hispanic voters) vital to their electoral success. Good relations with Mexico are now demanded by U.S. electoral politics.

Brazil is today pursuing a foreign policy agenda more ambitious than Mexico's. Hence it will be much more difficult for Brazil to achieve its international aims. Its pursuit of an independent leadership role faces several obstacles. Although distinguished by the diplomatic and political skill it brings to foreign relations, Brazil's military and financial resources are modest, providing the country with little international or regional leverage.

Even bigger obstacles are Brazil's domestic economic and social conditions. Despite improvements on many fronts, Brazil's economy has underperformed for most of the past two decades. The social

The United States
needs Brazil's backing
to achieve its goals in
Latin America.

picture is even more dismal, although certainly no worse than Mexico's. On crucial issues of international concern, such as poverty and inequality, race relations, education, and environmental management, Brazil is lagging. The importance these internal matters can have is best illustrated by the international acclaim that Brazil has received for its imaginative programs to address HIV and AIDS. Progress in other areas would similarly enhance Brazil's global stature. But, despite some real gains, Brazil remains, as President Cardoso said when he first took office, an unjust society. These handicaps make it hard for Brazil to lead internationally.

In addition, Brazil cannot escape the fact that it shares the same hemisphere with the United States. The gravitational pull of the prodigious U.S. market thwarts Brazil's efforts to establish stable trade arrangements with the rest of South America. Once it received a U.S. invitation to begin free trade talks, for example, Chile lost interest in becoming a full participant in Mercosur. Other South American countries would similarly find it difficult to pass on a free trade deal with the United States. For the Andean nations of Colombia, Peru, Ecuador, and Bolivia, the most urgent trade priority remains continuing the modest trade preferences granted them by the United States.

The United States also plays a central political role in South America. Plan Colombia—Washington's massive, multiyear commitment to assist Bogotá in dealing with its drug and guerrilla problems—affects all of Colombia's neighbors. Whenever difficult circumstances arise—when Argentina faces economic collapse, or when Ecuador is threatened by a military takeover, or when Peruvians see their democratic future jeopardized—these countries turn to the United States first. Brazil has made important contributions in many instances, but it cannot match the United States in resources or raw power.

Brazilian leadership confronts yet another hurdle. Most South American countries are still wary about pursuing their external aims collectively. In particular, each has a huge stake in its relationship with the United States, and each wants to represent its own interests. Even when they support Brazil's policy positions, other South American governments are reluctant to accept Brazilian leadership.

BIPOLAR

WILL BRAZIL and Mexico remain on divergent tracks? Mexico is unlikely to deviate from its strategic commitment to an open economy and close partnership with the United States. It has held a steady course since the mid-1980s, under four successive presidents and two different political regimes. Mexico's first democratically elected president, Vicente Fox, is pursuing this core strategy even more energetically than his predecessors did. And the policies have succeeded, so far, in strengthening Mexico's economy and making it less vulnerable to financial crisis. Moreover, many observers believe that these economic policies themselves helped promote the democratic change in Mexico that made Fox's election possible. The economic interests and structures of the United States and Mexico have become so intertwined that it is hard to imagine backtracking by either side.

Brazil's future course is more difficult to predict. It appears almost inevitable that Brazil will open its economy more widely, discarding impediments to trade and giving new emphasis to exports. Brazil has been heading in that direction for the past decade, albeit more slowly than most other Latin American nations. It is the only way Brazil can be globally competitive.

In the short run, however, Brazilian politics will block further economic liberalization. Import restrictions will be loosened only in a negotiated exchange of concessions with other countries—which will require the successful conclusion of hemispheric free trade negotiations or an agreement with the European Union. None of these negotiations will be completed before 2005 at best. A new global round of trade negotiations is likely to take even more time. In the next two or three years, Brazil could well become even more protectionist if the economy continues to stumble or if (although this is still unlikely) Lula da Silva of the populist Workers' Party wins this coming October's presidential elections.

Whatever the election results, Brazil will seek to sustain an active leadership role in regional and global affairs. Although this strategy could remain a source of contention in Brazil's relations with the United States, the two countries might also find more ways to cooperate, a prospect that could enhance Brazil's influence at the regional,

hemispheric, and global levels. Brazilian collaboration with the United States has led to some important political and diplomatic successes in recent years, such as the resolution of the Ecuador-Peru border dispute and the avoidance of potential military takeovers in Paraguay and Ecuador. Brazil's adroit and forceful support for the United States in the immediate aftermath of the terrorist assault should now make political cooperation easier.

For its part, the United States should be prepared to work hard to find common ground with Brazil, especially on trade matters. U.S. officials know they need Brazil's backing to make headway on many issues in hemispheric affairs. Brazil may not be powerful enough to fully shape regional policies to its liking, but it has sufficient size and clout to keep the United States from achieving its goals in such crucial areas as the FTAA and Colombia. U.S.-Brazilian collaboration on a variety of international challenges—such as World Trade Organization negotiations and fluctuating oil prices—could advance the interests of both countries.

None of this means that Brazil and the United States have to agree on every issue, nor does it mean that Brazil will ever establish as close or interdependent a relationship as Mexico has with the United States. Geography may not be destiny, but it is not irrelevant, either, and it is not going to go away. 🌐